

SAN JUAN UNIFIED SCHOOL DISTRICT

Audit Report

NOTIFICATION OF TRUANCY PROGRAM

Chapter 498, Statutes of 1983

July 1, 1999, through June 30, 2002



STEVE WESTLY
California State Controller

December 2004



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California State Controller

December 30, 2004

General Davie Jr., Ed.D.
Superintendent of Schools
San Juan Unified School District
3738 Walnut Avenue
P.O. Box 477
Carmichael, CA 95609-0477

Dear Dr. Davie:

The State Controller's Office audited the claims filed by San Juan Unified School District for costs of the legislatively mandated Notification of Truancy Program (Chapter 498, Statutes of 1983) for the period of July 1, 1999, through June 30, 2002.

The district claimed \$578,710 for the mandated program. Our audit disclosed that \$470,268 is allowable and \$108,442 is unallowable. The unallowable costs occurred primarily because the district claimed costs of notifications issued to pupils with less than four trancies. The district was paid \$455,420. Allowable costs claimed exceed the amount paid by \$14,848.

If you disagree with the audit findings, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (COSM). The IRC must be filed within three years following the date that we notify you of a claim reduction. You may obtain IRC information at COSM's Web site at www.csm.ca.gov (Guidebook link), and obtain IRC forms by telephone at (916) 323-3562 or by e-mail at csminfo@csm.ca.gov.

If you have any questions, please contact Jim L. Spano, Chief, Compliance Audits Bureau, at (916) 323-5849.

Sincerely,

Original Signed By:

VINCENT P. BROWN
Chief Operating Officer

VPB:JVB/jj

cc: (See page 2)

cc: Dina Geiss, CPA

Director of Business Support Services
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Contents

Audit Report

Summary	1
Background	1
Objective, Scope, and Methodology	2
Conclusion	2
Views of Responsible Official	3
Restricted Use	3
Schedule 1—Summary of Program Costs	4
Findings and Recommendations	5

Audit Report

Summary

The State Controller's Office (SCO) audited the claims filed by the San Juan Unified School District for costs of the legislatively mandated Notification of Truancy Program (Chapter 498, Statutes of 1983) for the period of July 1, 1999, through June 30, 2002. The last day of fieldwork was October 20, 2003.

The district claimed \$578,710 for the mandated program. The audit disclosed that \$470,268 is allowable and \$108,442 is unallowable. The unallowable costs occurred primarily because the district claimed costs of notifications issued to pupils with less than four trancies. The district was paid \$455,420. Allowable costs claimed exceed the amount paid by \$14,848.

Background

Education Code Section 48260.5 (added by Chapter 498, Statutes of 1983) requires school district's, upon a pupil's initial classification as a truant, to notify the pupil's parent or guardian by first-class mail or other reasonable means of (1) the pupil's truancy; (2) that the parent or guardian is obligated to compel the attendance of the pupil at school; and (3) that parents or guardians who fail to meet this obligation may be guilty of an infraction and be subject to prosecution.

Additionally, the district must inform parents and guardians of (1) alternative educational programs available in the district and (2) the right to meet with appropriate school personnel to discuss solutions to the pupil's truancy. A truancy occurs when a student is absent from school without a valid excuse for more than three days or is tardy in excess of 30 minutes on each of more than three days in one school year, according to *Education Code* Section 48260. A student shall be initially classified as truant upon the fourth unexcused absence, after which the school must complete the requirements mandated in *Education Code* Section 48260.5.

On November 29, 1984, the State Board of Control (now the Commission on State Mandates [COSM]) determined that Chapter 498, Statutes of 1983, imposed a state mandate upon school districts reimbursable under *Government Code* Section 17561.

Parameters and Guidelines establishes the state mandated and defines reimbursement criteria. COSM adopted the *Parameters and Guidelines* on August 27, 1987, and last amended it on July 22, 1993. In compliance with *Government Code* Section 17558, the SCO issues claiming instructions for mandated programs, to assist local agencies and school districts in claiming reimbursable costs.

Objective, Scope, and Methodology

Our audit objective was to determine whether costs claimed are increased costs incurred as a result of the Notification of Truancy Program (Chapter 498, Statutes of 1983) for the period of July 1, 1999, through June 30, 2002.

We performed the following procedures:

- Reviewed the costs claimed to determine if they were increased costs resulting from the mandated program;
- Traced the costs claimed to the supporting documentation to determine whether the costs were properly supported;
- Confirmed that the costs claimed were not funded by another source; and
- Reviewed the costs claimed to determine that the costs were not unreasonable and/or excessive.

We conducted our audit in according to *Government Auditing Standards*, issued by the Comptroller General of the United States. The SCO did not audit the district's financial statements. We limited our scope to planning and performing audit procedures necessary to obtain reasonable assurance that costs claimed are allowable for reimbursement. Accordingly, we examined transactions, on a test basis, to determine whether the amounts claimed for reimbursement were supported.

Review of the district's management controls was limited to gaining an understanding of the transaction flow and claim preparation process as necessary to develop appropriate auditing procedures.

Conclusion

The audit disclosed instances of noncompliance with the requirements outlined above. These instances are described in the accompanying Summary of Program Costs (Schedule 1) and in the Findings and Recommendations section of this report.

For the audit period, San Juan Unified School District claimed \$578,710 for costs of the Notification of Truancy Program. Our audit disclosed that \$470,268 is allowable and \$108,442 is unallowable.

For fiscal year (FY) 1999-2000, the district was paid \$178,448 by the State. Our audit disclosed that \$143,739 is allowable. The amount paid in excess of allowable costs claimed, totaling \$34,709, should be returned to the State.

For FY 2000-01, the district was paid \$142,855 by the State. Our audit disclosed that \$143,543 is allowable. Allowable costs claimed in excess of the amount paid, totaling \$688, will be paid by the State based upon available appropriations.

For FY 2001-02, the district was paid \$134,117 by the State. Our audit disclosed that \$182,986 is allowable. Allowable costs claimed in excess of the amount paid, totaling \$48,869, will be paid by the State based upon available appropriations.

**Views of
Responsible
Official**

We issued a draft audit report on October 28, 2004. Dina Geiss, CPA, Director of Business Support Services for the district, responded by e-mail on November 29, 2004. Ms. Geiss stated that the district will not respond to the draft report.

Restricted Use

This report is solely for the information and use of the San Juan Unified School District, the Sacramento County Office of Education, the California Department of Education, the California Department of Finance, and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

Original Signed By:

JEFFREY V. BROWNFIELD
Chief, Division of Audits

Schedule 1— Summary of Program Costs July 1, 1999, through June 30, 2002

<u>Cost Elements</u>	<u>Actual Costs Claimed</u>	<u>Allowable per Audit</u>	<u>Audit Adjustments</u>	<u>Reference ¹</u>
<u>July 1, 1999, through June 30, 2000</u>				
Number of truancy notifications	14,591	11,753	(2,838)	
Uniform cost allowance	<u>× \$12.23</u>	<u>× \$12.23</u>	<u>× \$12.23</u>	Findings 1, 2
Total costs	<u>\$ 178,448</u>	<u>\$ 143,739</u>	<u>\$ (34,709)</u>	
Less amount paid by the State		<u>(178,448)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (34,709)</u>		
<u>July 1, 2000, through June 30, 2001</u>				
Number of truancy notifications	14,413	11,276	(3,137)	
Uniform cost allowance	<u>× \$12.73</u>	<u>× \$12.73</u>	<u>× \$12.73</u>	Finding 2
Total costs	<u>\$ 183,477</u>	<u>\$ 143,543</u>	<u>\$ (39,934)</u>	
Less amount paid by the State		<u>(142,855)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 688</u>		
<u>July 1, 2001, through June 30, 2002</u>				
Number of truancy notifications	16,792	14,174	(2,618)	
Uniform cost allowance	<u>× \$12.91</u>	<u>× \$12.91</u>	<u>× \$12.91</u>	Finding 2
Total costs	<u>\$ 216,785</u>	<u>\$ 182,986</u>	<u>\$ (33,799)</u>	
Less amount paid by the State		<u>(134,117)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 48,869</u>		
<u>Summary: July 1, 1999, through June 30, 2002</u>				
Number of truancy notifications	<u>45,796</u>	<u>37,203</u>	<u>(8,593)</u>	
Total costs	<u>\$ 578,710</u>	<u>\$ 470,268</u>	<u>\$ (108,442)</u>	
Less amount paid by the State		<u>(455,420)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 14,848</u>		

¹ See the Findings and Recommendations section.

Findings and Recommendations

FINDING 1— Overclaimed number of initial truantries

The district claimed 11 initial truantries, totaling \$135, that were not supported by its attendance records for FY 1999-2000 claimed costs. It appears that the district made a claim preparation error when transferring data from the Attendance Letter Tracking Report to the Notification of Truancy claim forms.

Recommendation

We recommend the district establish policies and procedures to ensure that all claimed costs are fully supported.

FINDING 2— Unallowable costs relating to initial truantries

The district claimed \$108,307 during the audit period for initial truancy notification forms distributed to a pupil's parent or guardian that were not reimbursable. The pupils did not accumulate the required number of unexcused absences to be classified as truant under the mandate program. The audit adjustment is summarized as follows:

	Fiscal Year			
	1999-2000	2000-01	2001-02	Total
Allowable per audit	\$ 143,874	\$ 143,543	\$ 182,986	\$ 470,403
Less actual costs claimed	<u>(178,448)</u>	<u>(183,477)</u>	<u>(216,785)</u>	<u>(578,710)</u>
Audit adjustment	<u>\$ (34,574)</u>	<u>\$ (39,934)</u>	<u>\$ (33,799)</u>	<u>\$ (108,307)</u>

We selected a statistical sample from the total population of pupils claimed as truant for each year based on a 95% confidence level, a precision rate of +/-8%, and an expected error rate of 50%. We used a statistical sample so that the sample results could be projected to the population. For each fiscal year, we stratified the total population into two groups: elementary and special education students, and middle and high school students. For elementary and special education students, we selected a sample of 146 pupils during the first two fiscal years audited and 147 during the third fiscal year audited. For middle and high school students, we selected a sample of 148 pupils for all three fiscal years. The number of unallowable truancy notifications identified in the sample, percentage unallowable, and projected audit adjustment are summarized below:

	Fiscal Year			
	1999-2000	2000-01	2001-02	Total
Number of unallowable truancy notifications	57	64	46	
Truant pupils sampled	÷ 294	÷ 294	÷ 295	
Unallowable percentage	(19.39)%	(21.77)%	(15.59)%	
Truancy notifications claimed	<u>14,580</u>	<u>14,413</u>	<u>16,792</u>	
Projected unallowable truancy notifications	(2,827)	(3,137)	(2,618)	
Uniform cost allowance	× \$12.23	× \$12.73	× \$12.91	
Audit adjustment	<u>\$ (34,574)</u>	<u>\$ (39,934)</u>	<u>\$ (33,799)</u>	<u>\$ (108,307)</u>

For FY 1999-2000, we sampled 294 of the notifications claimed. Fifty-seven notifications are unallowable because they were issued to pupils who did not have four or more unexcused absences during the entire school year. Of the 57 notifications, 6 were issued to pupils who had fewer than three unexcused absences during the entire school year.

For FY 2000-01, we sampled 294 of the notifications claimed. Sixty-four notifications are unallowable because they were issued to pupils who did not have four or more unexcused absences during the entire school year. Of the 64 notifications, 9 were issued to pupils who had fewer than three unexcused absences during the entire school year.

For FY 2001-02, we sampled 295 of the notifications claimed. Forty-six notifications are unallowable because they were issued to pupils who did not have four or more unexcused absences during the entire school year. Of the 46 notifications, 6 were issued to pupils who had fewer than three unexcused absences during the entire school year.

Parameters and Guidelines, as amended by the Commission on State Mandates on July 22, 1993, specifies that school districts shall be reimbursed for identifying the truant pupils to receive the notification, preparing and distributing by mail or other method the forms to parents/guardians, and associated recordkeeping. *Parameters and Guidelines* states that truancy occurs when a student is absent from school without a valid excuse more than three days or is tardy in excess of 30 minutes on each of more than three days in one school year. *Parameters and Guidelines* also states that the uniform cost allowance, which was \$10.21 per initial notification of truancy in FY 1992-93, is to be adjusted each subsequent year by the Implicit Price Deflator.

Recommendation

We recommend the district claim reimbursement under the Notification of Truancy Program only for truancy notifications applicable to pupils who are absent from school without a valid excuse for more than three days or tardy in excess of 30 minutes on each of more than three occasions in one school year. Although *Education Code* Section 48260(a) (as amended in 1994), defines a truant student as one who is absent from school without a valid excuse three full days in one school year or tardy or absent for more than any 30-minute period during the school day without a valid excuse on three occasions in one school year, or any combination thereof, *Parameters and Guidelines* requires at least four unexcused absences to be classified as a reimbursable truant.

**FINDING 3—
Improper attendance
accounting
procedures of student
truancies**

The district did not use proper attendance accounting procedures for student truancies in middle and high schools for the period of July 1, 1999, through June 30, 2002. Our review of attendance records indicated that the district classified the middle and high school students as truants only if the student had accumulated three days worth of “period” absences. In some cases, students with a sufficient number of unexcused absences to be classified as truants were not being classified as truants by the district. The district’s attendance accounting procedures for student truancies did not meet the criteria specified in Section I of *Parameters and Guidelines* or language contained in *Education Code* Section 48260(a).

We randomly sampled 444 of 28,024 middle and high school truancy notifications claimed. All of the notifications in the sample were documented using improper attendance accounting procedures for student truancies. Because initial notification letters were distributed later than would have been the case had proper attendance accounting procedures been followed, no dollar amount will be assigned to this non-compliance issue based solely on the timing of letter distributions. Unallowable costs related to notifications issued to pupils that did not have four or more unexcused absences are discussed in Finding 2.

Section I of *Parameters and Guidelines* states, “A truancy occurs when a student is absent from school without valid excuse more than three (3) days **or** is tardy in excess of thirty (30) minutes on each of more than three (3) days in one school year” (emphasis added). Currently, *Education Code* Section 48260(a) more explicitly defines truancy as:

Any pupil subject to compulsory full-time education or to compulsory continuation education who is absent from school without valid excuse three full days in one school year or tardy or absent for more than any 30-minute period during the school day without a valid excuse on three occasions in one school year, **or any combination thereof** [emphasis added]. . . .

Recommendation

We recommend that the district develop adequate truancy accounting policies and procedures consistent with *Education Code* Section 48260(a) and Section I of *Parameters and Guidelines*, to ensure that all claimed costs are eligible and properly supported.

**State Controller's Office
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